

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



June 28, 2018

Eric Beane  
Secretary, Executive Office of Health and Human Services  
3 West Road  
Virks Building, Fourth Floor  
Cranston, RI 02920

RE: RI-2018-04-30-EE-APDU

Dear Mr. Beane,

The Centers for Medicare & Medicaid Services (CMS) previously approved Rhode Island's annual Implementation Advance Planning Document (APD) update describing Design, Development and Implementation (DDI) and Maintenance & Operations (M&O) activities for the Unified Health Infrastructure Project (UHIP/RIBridges) in Federal Fiscal Year (FFY) 2018; we have also approved incremental Medicaid Federal Financial Participation (FFP) for the first through third quarters of the year.

We have completed review of the as-needed APD update submitted on April 30, 2018 (revised on June 8, 2018, with further clarifications received on June 22, 2018), along with the State's responses to questions in our letter of March 22, 2018. We appreciate the detailed explanations and commentary your team has provided, and we value our ongoing dialogue, although we remain concerned with the State's progress toward system completion/stabilization, its plan to transition toward a more stable contracting environment, and the overall sustainability of some of the State's governance/operational improvements.

Our previous correspondence noted that access to enhanced FFP into and beyond the fourth quarter of FFY 2018 was dependent on adherence to the State's theme-based release plan as well as demonstrated achievements under that plan. We believe that the State's decision to defer the May 2018 release was appropriate given the technical and operational concerns that became evident in the period before launch, and we are encouraged by the additional steps the State is taking to ensure technical as well as field staff readiness, but we continue to have grave concerns over whether the system will be ready by the new deployment date as well as with the effects of the delay on subsequent releases. Our enthusiasm at Deloitte's recent progress at reducing the backlog of UHIP tickets pending triage and with the tentative release strategy recently shared with our team is similarly tempered by continued upward trends in pending code/data fixes and ongoing reports of defects that should never have been missed in testing.

Despite these concerns, we are willing to extend funding for the remainder of FFY 2018 in acknowledgement of the State's good-faith efforts to improve project oversight and to hold its vendors accountable. The State is hereby authorized a total of \$47,635,320 of enhanced FFP for UHIP-related Medicaid Eligibility & Enrollment (E&E) work between October 1, 2017 and September 30, 2018, as detailed in Appendix A, effective the date of this letter. This approval supersedes all prior approvals for FFY 2018 and is based on the State's final budget revisions submitted on June 26, 2018.

As a reminder, your APD update describing planned activities and budgets for FFY 2019 remains due to CMS no later than July 31, 2018. CMS will not approve enhanced FFP in FFY 2019 unless the APD update includes or demonstrates reasonable progress toward completion of the following items, or they have been otherwise addressed to CMS's satisfaction:

- Responses/revisions in response to outstanding questions on the June 8 APD update; relevant information from responses to CMS concerns with earlier APD iterations (e-mails, slide decks, etc.) should also be integrated with the FY19 APD as appropriate.
- A candid assessment of lessons learned from the repeated delay of R7.21 and the subsequent re-scoping of R7.22 and R7.23, along with detailed descriptions of process improvements made during FFY 2018 and their ultimate impacts on State and Deloitte performance across the Software Development Life Cycle/SDLC (e.g., increased State engagement coupled with more effective requirements elicitation, more thorough validation of potential solutions as reflective of State needs, better Deloitte coding quality demonstrated through more comprehensive unit/system/integration/regression/acceptance testing, greater emphasis on pre-deployment operational readiness, etc.).
- Affirmation that the State and Deloitte have reached a shared awareness of outstanding functionality/defects and realistic timelines for completion/mitigation (i.e., an updated "Get-to-Done" plan). To the extent not inherently part of the plan, your submission should include revised theme templates, milestones, mutually agreed-upon quality standards, the steps the parties are taking to achieve them, how the plan will be contractually memorialized/enforced and how it aligns with the State's intent to reprocur M&O services from April 2019 onward (i.e., separation of outstanding DDI/completion work from M&O/enhancement activities).
- Updated plans and demonstrated progress toward the ability to measure and enforce the State's contractual and operational Key Performance Indicators (KPIs), including mitigation of known barriers to measurement/achievement, identification of specific assessment dates/periods/responsible parties, actual results compared to targets, and plans for improvement as warranted.
- An updated timeline for the "Doc Refresh Project", affirming documents received to date and specifying when remaining functional/technical design documents, data models, requirements traceability matrices and other related artifacts will be complete. The timeline should also reflect updates to any projectwide DDI artifacts that may no longer be accurate (e.g., the overall UHIP test plan) as well as a process for ensuring that system architecture and operational practices are fully documented by the end of the current M&O agreement.
- The State's latest mitigation plan, whether approved by CMS or still under development, as well as demonstrated progress toward included compliance milestones. The State must continue to submit operational metrics and software development artifacts per our previous correspondence; release-specific artifacts include theme contents, planned-vs.-developed-vs.-delivered counts of problem/enhancement tickets, evidence of adherence to SDLC phases/gates, testing entry/exit reports, etc.
- Commitment to coordinate with CMS toward UHIP placement within the Medicaid Eligibility & Enrollment Lifecycle (MEELC), development of a Project Partnership Understanding, completion of Medicaid E&E Toolkit (MEET) checklists and ongoing MEELC monitoring within existing Federal-State collaboration structures.

- A plan for identifying appropriate long-term third-party support levels, ensuring clear vendor objectives/accountability metrics, and for aligning contracts accordingly. Your response should include specific details of the duties of the Department of Information Technology's recently established vendor management team and its relationship with EOHHS, as well as details of the State's approach to identifying and filling roles that are more appropriately/sustainably performed by State personnel.
- Commitment to participate in CMS-led E&E validation efforts, which may include test cases to be repeated at release- or calendar-driven intervals and/or periodic review of randomly selected production cases. CMS will make every effort to minimize burden on the State, but these targeted studies will be in addition to existing quality assurance initiatives (e.g., PERM, MEQC, Eligibility Review Pilots and/or their successors) and will continue until both CMS and the State are confident in the end-to-end accuracy, integrity and statutory/regulatory compliance of Rhode Island's MAGI and non-MAGI eligibility processes and procedures (e.g., initial and subsequent applications, changes of circumstances, renewals, terminations and appeals across diverse scenarios with varied household compositions, consistent and inconsistent eligibility factors across trusted and untrusted data sources, participation in Medicaid alone as well as multiple UHIP-supported programs, etc.).

CMS has 60 days to respond to submissions pursuant to Federal regulations at 45 CFR 95.611(d); our ability to expedite reviews cannot always be assured and failure to submit timely APD updates may further jeopardize the State's access to enhanced FFP. In addition to formal review of the APD, senior CMS leadership and staff will continue to closely monitor the State's activities via regularly scheduled meetings as well as ad hoc communications as warranted by project developments.

This letter also approves a number of procurement actions in accordance with Federal regulations at 45 CFR 95.611(b)(2); please note that claims for FFP may not exceed the amounts requested and approved for each vendor in the State's FFY 2018 and 2019 APD updates respectively. For contracts and/or amendments executed prior to CMS approval (with the exception noted below), work before the date of this letter is ineligible for FFP. Work outside the scope or budget of approved contracts must be reflected in a CMS-approved amendment to qualify for FFP; material contract changes must also be supported by the approved annual APD or an as-needed APD update in accordance with 45 CFR 95.611(c)(2)(ii).

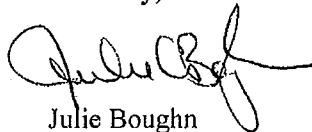
- International Consulting Acquisition Corporation/ISG Public Sector will support the State in its procurement of a UHIP M&O vendor at a cost not to exceed \$727,720; the contract was executed on May 18, 2018, for a period of performance from execution through May 16, 2019.
- Conduent State Healthcare will support the Department of Human Services call center in addition to processing outstanding beneficiary change requests; the proposed contract was received on May 3, 2018, with a period of performance from execution through September 30, 2018. The total cost of the contract is not to exceed \$837,523.
- The following contract amendments were received on May 2, 2018, with revisions as noted:
  - Amendment 3 to the State's contract with KPMG, LLP, extends the firm's UHIP implementation assistance (overall technical guidance as well as testing and governance support) beyond the existing contract end date of August 31, 2018. The cost of KPMG's work is not to exceed \$15,754,067 through June 30, 2019; final revisions to the amendment were received on May 31, 2018.

- Amendment 9 to the State's contract with Northrup Grumman Systems Corporation increases the vendor's project management, operational and testing support through the end of the current option period on June 30, 2018; Amendment 10 executes a subsequent option period for continued work through June 30, 2019. Final revisions to both amendments were submitted on June 4, 2018; total costs under Amendment 9 (both UHIP and non-UHIP work) are not to exceed \$9,469,189 while Amendment 10 identifies an explicit UHIP share not to exceed \$7,604,227. In accordance with 45 CFR 95.624 and the critical nature of the vendor's non-UHIP work facilitating child support payments, these specific approvals are effective June 21, 2018. (CMS also acknowledges receipt of Amendment 8, which added two labor categories to Northrup Grumman's rate schedule; our approval is not required as the amendment does not directly increase contract cost, duration or scope.)
- Amendment 8 to the State's contract with CSG Government Solutions, Inc., extends Independent Verification & Validation (IV&V) services from the existing contract end date of June 30, 2018, through June 30, 2019. The vendor's scope of services is broadly unchanged from the current period of performance, although the extended period includes new options for detailed code quality reviews and security assessments related to server operating system upgrades. The total cost of work under the amendment, as revised on June 22, 2018, is not to exceed \$1,943,480.
- Amendment 5 to the State's contract with the IBM Corporation extends the firm's broad technical support of the UHIP program team from the existing contract end date of June 30, 2018, through March 31, 2019. The new period of performance features renegotiated hourly rates with embedded travel expenses; the total cost of work for the extension period is not to exceed \$3,492,000. (CMS also acknowledges receipt of executed Amendments 1, 2, 3 and 4, all of which involved contract term extensions and increased costs below the thresholds for CMS review/approval.)

We look forward to our continued work together on your Medicaid E&E modernization project. Copies of the above contracts and contract amendments once fully executed, along with the FFY 2019 APD update and any other E&E requests for proposals or contract actions, should be sent to CMS's dedicated E&E mailbox ([MedicaidE&E\\_APD@cms.hhs.gov](mailto:MedicaidE&E_APD@cms.hhs.gov)) with a cover letter addressed to Martin Rice, Director of the Division of State Systems.

If you have any questions or concerns regarding this letter, please contact CDR Terry Lew, USPHS, at (206) 615-2336 or by e-mail at [Terrence.Lew1@cms.hhs.gov](mailto:Terrence.Lew1@cms.hhs.gov).

Sincerely,



Julie Boughn  
Director  
Data & Systems Group

Cc:

Greg McGuigan, CMS/CMCS  
Martin Rice, CMS/CMCS  
Carrie Feher, CMS/CMCS  
Eugene Gabriyolev, CMS/CMCS  
Nicole Comeaux, CMS/CMCS  
Anne Marie Costello, CMS/CMCS  
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Ben Shaffer, Rhode Island/EOHHS  
Matt Stark, Rhode Island/EOHHS  
Courtney Hawkins, Rhode Island/DHS  
Zach Sherman, Rhode Island/HSRI  
Dawn Bartolomeo, USDA/FNS  
Matt Henschel, USDA/FNS

## Appendix A

**Rhode Island Medicaid Detailed Budget Table**  
**Covers Federal Fiscal Year (FFY) 2018 through September 30, 2018**

Funding amounts described below are summarized by FFY; however funding is only approved to be used in accordance with the approval dates described in this letter

	Medicaid Share (90% FFP) DDI	State Share (10%)	Medicaid Share (75% FFP) DDI (COTS)	State Share (25%)	Medicaid Share (75% FFP) M&O	Medicaid Share (75% FFP) M&O E&E Staff	State Share (25%)	Medicaid Share (75% FFP) M&O E&E Staff	State Share (25%)	Medicaid ENHANCED FUNDING (TOTAL COMPUTABLE)
	28A & 28B†	--	28A & 28B†	--	28C & 28D†	28E & 28F†	--			
FFY 2018	\$35,224,759	\$3,913,862	\$107,440	\$35,813	\$2,983,685	\$9,319,736	\$994,562		\$2,807,033	\$55,386,891
								<b>Medicaid ENHANCED FUNDING FFP Total</b>		
								<b>\$47,635,620</b>	<b>\$7,751,270</b>	<b>\$55,386,891</b>

	Medicaid Share (50% FFP) M&O E&E Staff	State Share (50%)	Medicaid NOT ENHANCED FUNDING FFP Total	State Share Total	Medicaid NOT ENHANCED FUNDING (TOTAL COMPUTABLE)
	28G & 28H†	--			
FFY 2018	\$0	\$0	\$0	\$0	\$0

	Medicaid ENHANCED FUNDING FFP Total	Medicaid NOT ENHANCED FUNDING FFP Total	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL (TOTAL COMPUTABLE)
FFY 2018	\$47,635,620	\$0	<b>\$47,635,620</b>	<b>\$7,751,270</b>	<b>\$55,386,891</b>

## †MBES Line Item

28A	E&E - Title 19 (Medicaid) DDI- In-house Activities
28B	E&E - Title 19 (Medicaid) DDI- Contractors
28C	E&E - Title 19 (Medicaid) Software/Services/Ops- In-house Activities
28D	E&E - Title 19 (Medicaid) Software/Services/Ops- Contractors
28E	E&E - Title 19 (Medicaid) Eligibility Staff- Cost of In-house Activities (staff who makes eligibility determinations)
28F	E&E - Title 19 (Medicaid) Eligibility Staff- Cost of Private Sector (staff who makes eligibility determinations)
28G	E&E - Title 19 (Medicaid) Eligibility Staff- Cost of In-house Activities (staff whose duties are related to eligibility, such as outreach, plan enrollment, etc.)
28H	E&E - Title 19 (Medicaid) Eligibility Staff- Cost of Private Sector (staff whose duties are related to eligibility, such as outreach, plan enrollment, etc.)

FFP rates for specific activities and costs can be found at 76 FR 21949, available at <https://federalregister.gov/a/2011-9340>

## Appendix B

CMS approval of this APD is in accordance with Federal regulations at 42 CFR § 433, subpart C, “Mechanized Claims Processing and Information Retrieval Systems,” 45 CFR § 95, subpart F, “Automatic Data Processing Equipment and Services - Conditions for Federal Financial Participation,” and 42 CFR § 457.230, “FFP for State ADP expenditures.”

The amounts allocated per Federal fiscal year in Appendix A cannot be reallocated between Federal fiscal years, even within the period of this letter’s approval, without submission and approval of an APD Update. Only actual costs incurred are reimbursable.

Please refer to Federal regulations at 42 CFR § 433 for specific FFP rates for the variety of activities supporting proper matching rates. Specifically, please note that commercial off the shelf (COTS) licenses are matched at 75 percent FFP and training is matched at 50 percent FFP.

Also, states may claim 75 percent FFP for the costs of certain staff time spent on mechanized eligibility determination systems. Please note that continued access to the enhanced match for the staff positions as outlined in the State Medicaid Director Letter from March 31, 2016 on Medicaid.gov.

CMS will be monitoring progress of the state’s eligibility and enrollment modernization project using the Enterprise Life Cycle (ELC) model. This approach supports the high degree of interaction that will be required between Medicaid, and the Health Insurance Marketplace, and the use of a shared eligibility service among the programs. Based on the state’s project management plan, CMS will be working with the state to schedule the next Medicaid IT review.

As part of the ELC model, the state should submit to CMS monthly status reports as well as participate in regular monitoring calls. Monthly status reports should include, at a minimum, the status of the project as well as risks, issues, and planned mitigations.

As described in regulation at 45 CFR § 95.611, Requests for Proposals (RFPs) or contracts that the state procures with funding from the herein approved APD, must be approved by CMS prior to release of the RFP or prior to execution of the contract.

